



WISCONSIN

**DEPARTMENT OF WORKFORCE DEVELOPMENT**

Division of Workforce Solutions

Bureau of Workforce Programs

**TO: Economic Support Supervisors  
Economic Support Lead Workers  
Training Staff  
Child Care Coordinators  
W-2 Agencies**

**FROM:** Stephen M. Dow  
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**BWP OPERATIONS MEMO**

**No.:** 02-08

**File:** 1123

**Date:** 02/11/2002

**Non W-2 [X] W-2 [X] CC [X]**

**PRIORITY: Medium**

**SUBJECT: OVERPAYMENT CLAIMS**

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**EFFECTIVE DATE:** February 1, 2002

**PURPOSE**

This memo announces a policy change about compromising overpayment claims for the Food Stamp (FS), Wisconsin Works (W-2), Child Care (CC), Medical Assistance (MA), and Job Access Loans (JAL).

**BACKGROUND**

Current federal regulations for FS collections [7 CFR 273.18 (a)(7)(i)] state:

“As a state agency, you *may* compromise a claim or any portion of a claim if it can be reasonably determined that a household’s economic circumstances dictate that the claim will not be paid in three years.”

Also, the initial demand letter for an FS overpayment reads:

“In cases of extreme hardship, the State of Wisconsin *may* choose to reduce any part of this debt.”

This statement has caused some confusion as to compromise policy; however, the federal regulation requires the text to be included.

The primary factor for compromise of a debt is the inability on the part of the debtor to pay the debt in full. It should be noted that the majority of the recipients of these programs would fall under some category of hardship.

Although the specific regulations above relate to the FS program, a uniform policy on compromise for all programs mentioned above would be beneficial to both the state and its partner agencies.

DWD is required by law to establish and collect overpayment claims. It is also required to submit delinquent debt to the Treasury Offset Program (TOP), and to the Department of Revenue (DOR) for collection. Many debts are paid in full after 3 years have elapsed. The idea of compromising a debt due to 3 years of non-payment is contrary to other regulations to which the state must adhere.

The act of compromise is in opposition to the already existing policies of the Public Assistance Collection Unit. Further, the act of compromise would be detrimental to program integrity issues and functions.

### ***NEW POLICY***

Beginning February 1, 2002, no compromise of overpayment claims will be made.

### ***CONTACT***

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**Note:** Email contacts are preferred. Thank you.